

## **KENTUCKY DEPARTMENT OF EDUCATION**

### **STAFF NOTE**

#### **Action/Discussion Item:**

Site approval for the proposed new preschool facility in the Harlan Independent School District

#### **Applicable Statute and Regulation:**

702 KAR 4:050, Building Sites, Inspection, Approvals, and KRS 162.010, Title to School Property

#### **Action Question:**

Should the Kentucky Board of Education (KBE) approve the site acquisition cost and estimated site development cost for the Jones property that is the site of the proposed new preschool facility for the Harlan Independent Board of Education?

#### **History/Background:**

**Existing Policy.** 702 KAR 4:050 states that site acquisition and site preparation costs of the local school board shall be ten percent or less of the maximum budget for the project, unless authorized by the Kentucky Board of Education.

Priority 1d (KERA Strands) on the Harlan Independent Facility Plan, approved by KBE in April 2005, is construction of a new 140-student preschool to be located on a newly purchased site and to include seven classrooms, a resource room, multipurpose room, warming kitchen, administration suite, playground and parking area. The issues with the proposed site are: (a) that the cost of the property plus the estimated site development costs are 11.15% of the total estimated project cost, and (b) a question exists about obtaining title in fee simple as required by both 702 KAR 4:050, and KRS 162.010.

#### **Policy Issues and Options:**

The proposed total 0.58-acre property consists of six residential properties, five with buildings and one being a vacant lot. The land is level and outside the 500-year floodplain, is within 500 yards of the rest of the district's classrooms, has access to all utilities, has city streets on two sides and an alley on one side, and easy access to Hwy KY 38 by way of Walnut Street. Site acquisition cost and an engineer's estimate of site development costs are as follows:

Site Acquisition Cost*	\$175,000
A compromise based on the value of the district's appraisal of \$120,000, the owner's appraisal at \$181,000 and the PVA valuation at \$168,000.	
Site Development, including demolition and removal of existing buildings, clearing and grubbing, and rough grading.	\$60,000
Total Site Acquisition & Estimated Site Development Cost	\$235,000
KDE's Estimate of Total Project Cost	\$2,107,550
Site Acquisition & Site Development Cost/ Total Project Cost =	11.15%

The Board has the following options regarding this site acquisition request:

1. Approve the purchase of the site, subject to conditions.
2. Delay action and request additional information.
3. Disapprove acquisition of the site.

**Staff Recommendation and Rationale:**

Staff recommends conditional approval by KBE of the site acquisition cost and estimated site development cost for the Jones property. This site was selected by the local board of education because it meets the criteria of the facility plan; is above the 500-year floodplain; has good topography, utilities, street frontage, and access to KY 38; is close to other district facilities; and is available. The district has also submitted all documentation required by the "Site Selection Process" of 702 KAR 4:050. However, because of the many encumbrances on the properties and the promise of fee simple title by general warranty deed of conveyance, we recommend KBE approve the site purchase subject to: (a) the district obtaining title to the land in fee simple and (b) resolution of any and all encumbrances, including among other things, outstanding mortgages and payment of all taxes prior to transfer of title.

**Impact on Getting to Proficiency:**

Good school facilities are a necessary component for academic success; a school's physical environment has an impact on student achievement, and the attitude of teachers and staff. The construction of the new preschool will improve the instructional environment and favorably affect district progress toward reaching proficiency in 2014.

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**Deputy Commissioner**

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**Commissioner of Education**

**Date:**

June 2008